

Message Text

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PAGE 01 ROME 17296 01 OF 02 211719Z

43

ACTION IO-13

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 L-03 FRB-03

OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00

COME-00 EB-07 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01

STR-04 TRSE-00 CIEP-01 CEA-01 ISO-00 /105 W

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R 211552Z OCT 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 0720

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY DACCA

AMEMBASSY NEW DELHI

AMEMBASSY BONN

AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 1 OF 2 ROME 17296

FODAG

E.O. 11652: N/A

TAGS: UNCTAD, ETRD, FAO, OCON

SUBJECT: TWELFTH FAO JUTE MEETING

1. SUMMARY. TWELFTH SESSION OF FAO INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBERS FEATURED CONSTRUCTIVE ATMOSPHERE AND EFFECTIVE HANDLING OF AGENDA ITEMS. SESSION DECIDED TO EXPRESS INDICATIVE PRICE FOR JUTE IN DOLLARS AT EQUIVALENT OF PREVIOUS POUND DENOMINATED RATE. IT RECEIVED REPORTS ON PROPOSED JUTE INTERNATIONAL AND ON UNCTAD PREPARATORY CONFERENCE ON JUTE. DISCUSSION OF THESE ITEMS WAS BRIEF AND NOT CONTROVERSIAL. GROUP APPROVED RESOLUTION ENDORSING EFFORTS TO ESTABLISH JUTE INTERNATIONAL AND ENCOURAGING ACTIVE ROLE FOR FAO IN UNCTAD MEETINGS ON JUTE AND JUTE PRODUCTS. END SUMMARY.

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PAGE 02 ROME 17296 01 OF 02 211719Z

2. TWELFTH SESSION OF FAO INTERGOVERNMENTAL GROUP ON JUTE, KENAF AND ALLIED FIBERS WAS HELD IN ROME FROM OCTOBER 18 TO 20. PROCEEDINGS WERE BOTH PRODUCTIVE AND NOTABLY FREE FROM CONTROVERSY. ALTHOUGH THIS RESULT WAS GREATLY FACILITATED BY ABLE CHAIRMANSHIP OF UK FAO REPRESENTATIVE A. LANDYMORE, IT BASICALLY REFLECTED INTEREST OF MEMBER GOVERNMENTS FROM BOTH PRODUCING AND CONSUMING COUNTRIES IN CONCENTRATING ON CUSTOMARY BUSINESS AND AVOIDING DIVISIVE ASPECTS OF AGENDA ITEMS WHICH COULD NOT, IN ANY EVENT, BE RESOLVED AT THIS SESSION.

2. INDICATIVE PRICES. BANGLADESH REP STATED RECURRENT DEVALUATION OF POUND STERLING WAS BASIS FOR ITS CONVERSION OF RAW JUTE PRICE QUOTATIONS TO DOLLARS IN MID-1976. HE POINTED OUT THAT TO MAINTAIN EQUIVALENCY WITH INDICATIVE PRICE ESTABLISHED IN POUNDS STERLING, AT IG JANUARY MEETING (ELEVENTH SESSION), NEW INDICATIVE PRICE OF U.S. \$315 PLUS \$16 PER LONG TON FOR BWD, (STANDARD TERMS) SHOULD BE ENDORSED BY I.G. W. GERMANY, JAPAN AND UK VOICED SUPPORT FOR A PRICE OF \$298 AND GENERALLY AGREED THAT EVENTUAL PRICE DEPENDED ON WHAT EXCHANGE RATE WAS UTILIZED. AFTER SOME PRIVATE DISCUSSIONS AMONG BANGLADESH, INDIA, UK, FRG, AND OTHER MAJOR FIBER IMPORTERS, GROUP DECIDED UPON \$314 PRICE. BANGLADESH IN TURN GAVE ASSURANCES THAT IT WOULD STRIVE TO MAINTAIN JUTE EXPORT PRICES AT COMPETITIVE LEVELS.

4. THAILAND DELEGATION ANNOUNCED THAT INDICATIVE PRICE FOR KENAF SHOULD BE SET AT A MINIMUM OF \$260 PER LONG TON. THIS PRICE WAS STATED TO BE NECESSARY IF KENAF WAS TO BE COMPETITIVE AT GROWER LEVEL WITH OTHER CROPS, ESPECIALLY CASSAVA. CONSUMING NATIONS INDICATED THAT PRICE SUGGESTED BY THAILAND DID NOT REFLECT USUAL DIFFERENTIAL BETWEEN JUTE AND KENAF. SINCE THAILAND WOULD NOT MODIFY ITS POSITION, NO COMMON GROUND COULD BE ARRIVED AT, AND GROUP DECIDED TO LEAVE UNTIL NEXT SESSION ANY DECISION ON AN INDICATIVE PRICE FOR KENAF.

5. JUTE INTERNATIONAL (J.I.) UNDP REPRESENTATIVE (H. NABULSI) PRESENTED REPORT ON HIS WORK AT RECENT (OCTOBER 11-12) DACCA MEETING ON J.I., AND SUBSEQUENT VISIT TO NEPAL. (FYI: NEPAL WAS NOT REPRESENTED AT I.G. SESSION). HE INDICATED THAT LIMITED OFFICIAL USE

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PAGE 03 ROME 17296 01 OF 02 211719Z

SUBSTANTIAL PROGRESS HAD BEEN MADE IN FIRING UP J.I. AS AN ACTUAL ENTITY; AGREEMENT HAD BEEN REACHED ON THREE OUTSTANDING ARTICLES OF J.I. CONSTITUTION: COMPOSITION AND VOTING PROCEDURES AT BOARD OF DIRECTORS, SOURCES OF FINANCING FOR VARIOUS ASPECTS OF THE PROJECT AND LOCATION OF FACILITIES. SOME QUESTION WAS RAISED BY IG ABOUT DEGREE OF GON COMMITMENT TO PROJECT, AND UNDP REPRESENTATIVE EXPRESSED OPTIMISM THAT GON WOULD RATIFY CONSTITUTION IN TIME FOR ENVISIONED MEETING

OF J.I. IN KATHMANDU AT END OF NOVEMBER. GROUP ALSO NOTED THAT OTHER PRODUCTS, PARTICULARLY THAILAND AND BURMA, HAD NOT PARTICIPATED IN J.I. DACCA MEETING, AND SOME DELEGATIONS EXPRESSED BELIEF THAT "LIMITED" PRODUCER MEMBERSHIP MIGHT BE DETERIMENTAL TO J.I. THAI DELEGATION AT SESSION MADE NO COMMENT AND NEVER STATED WHETHER OR NOT THAILAND HAS ANY INTEREST IN J.I. (BURMESE REPRESENTATIVE TO SESSION DIDN'T SPEAK ON ANY ISSUE).

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PAGE 01 ROME 17296 02 OF 02 211711Z

43

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LIMITED OFFICIAL USE SECTION 2 OF 2 ROME 17296

FODAG

6. IN LINE WITH GENERAL THEME OF DISCUSSION ON J.I., U.S. REPRESENTATIVE SUGGESTED THAT I.G. COMMEND COUNTRIES WHICH PARTICIPATED IN DACCA MEETING, AS WELL AS UNDP REPRESENTATIVE, FOR THEIR EFFORTS AND EXPRESSED HOPE GROUP WOULD SUPPORT CONTINUING EFFORT FOR EARLY ESTABLISHMENT OF J.I. AT FINAL I.G. SESSION CONCERNED WITH ADOPTION OF MEETING REPORT, BELGIUM REPRESENTATIVE RAISED QUESTION AS TO "EXCLUSIVENESS" OF J.I.

BOARD OF DIRECTORS; THAT IS, DID FOUNDING MEMBERS ANTICIPATE
ADDITIONS TO INITIALLY AGREED UPON BOARD OF DIRECTORS,
(#)

PREVIOUSLY EXPRESSED CONCERN TO U.S. AND OTHER
"CONSUMER" DELEGATIONS THAT CONSUMERS MIGHT BE CALLED UPON
TO PROVIDE FINANCIAL ASSISTANCE TO J.I. AND HAVE NO VOICE IN
ITS OPERATIONS. BELGIAN GOVERNMENT HAS PROVIDED FINANCIAL
SUPPORT TO DEVELOPMENT OF PROPOSED PROJECT, AND LOOKS TO J.I.
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PAGE 02 ROME 17296 02 OF 02 211711Z

AS A MARKET PROMOTION VEHICLE. ALTHOUGH WORDING OF I.G.
REPORT WAS CHANGED (INDIA AND BANGLADESH CONCURRING) TO CHAR-
ACTERIZE APPROVED BOARD MEMBERSHIP AS "INITIAL", U.S. DELE-
GATION UNABLE TO CONFIRM ELIGIBILITY OF JUTE CONSUMING
COUNTRIES FOR MEMBERSHIP IN J.I.

7. GROUP'S DISCUSSION OF MATTERS ARISING OUT OF UNCTAD IV
RELATING TO JUTE AND JUTE PRODUCTS BEGAN WITH A REVIEW BY MR.
L. HULUGALLE, COMMODITIES DIVISION OF UNCTAD OF ARRANGEMENTS
MADE FOR IMPLEMENTATION OF NAIROBI RESOLUTION. MR. HULUGALLE
SAID RESOLUTION ENDORSED PRINCIPLE OF AN INTEGRATED PROGRAM
(ONE COVERING A RANGE OF COMMODITIES) WHOSE OBJECTIVE WOULD BE
TO INCREASE EXPORT EARNINGS OF DEVELOPING COUNTRIES. HE SAID
THAT COMPREHENSIVE MEASURES, CENTRAL ONE BEING BUFFER STOCKS,
WOULD BE USED TO IMPLEMENT PROGRAM, THE GLUE THAT BINDS DEV-
ELOPING COUNTRIES TOGETHER. HE SAID FINANCING PROVIDED BY THE
FUND WOULD PROVIDE MEANS TO ELIMINATE DISAGREEMENTS AMONG PRO-
DUCERS OF THE SAME COMMODITY AND AMONG PRODUCERS OF DIFFERENT
COMMODITIES. HE SAID THAT WITH OBJECTIVES, PROGRAM ELEMENTS
AND TIMETABLE ESTABLISHED, TASK OF NEGOTIATIONS REMAINED.
IN RESPECT TO JUTE, HE EXPRESSED APPRECIATION FOR THE ASSIS-
TANCE AND COOPERATION OF FAO SECRETARIAT IN PREPARATION FOR
PREPARATORY CONFERENCE ON JUTE AND SAID UNCTAD HOPED CONFER-
ENCE COULD REACH AGREEMENT IN PRINCIPLE ON MEASURES TO BE TAKEN
IN RESPECT TO JUTE AND JUTE PRODUCTS TO IMPLEMENT NAIROBI
RESOLUTION.

8. MR. WOLF, FAO COMMODITIES AND TRADE VISION REPORTED ON
MEASURES TAKEN BY FAO SECRETARIAT IN RELATION TO UNCTAD INTE-R
GRATED PROGRAM. AS PART OF MECHANISM FOR GENERAL COOPERATION
BETWEEN UNCTAD AND FAO SECRETARIAT'S REGARDING IMPLEMENTATION
OF PROGRAM, GROUP SECRETARIAT DISCUSSED WITH UNCTAD SECRETAR-
IAT SCHEDULE, DOCUMENTATION REQUIREMENTS, NEED FOR CONSUL-
TANTS, DISTRIBUTION OF TASKS AND RECOMMENDATIONS TO BE MADE.
REPORT DISTRIBUTED FOR JUTE PREPARATORY CONFERENCE REPRESENTS
JOINT PROPOSALS OF FAO AND UNCTAD SECRETARIATS. WOLF ALSO
SAID UNDER GENERAL FAO-UNCTAD UNDERSTANDING, FAO SECRETARIAT
MAY WITH UNCTAD'S APPROVAL PREPARE CONFERENCE DOCUMENTATION
ALONE. (U.S. DELEGATION UNDERSTANDS DRAFT ON HARD FIBERS WAS
INITIALLY PREPARED BY FAO SECRETARIAT AND IS BEING REVIEWED

BY UNCTAD SECRETARIAT BEFORE DISTRIBUTION TO MEMBER COUNTRIES.
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PAGE 03 ROME 17296 02 OF 02 211711Z

9. MEMBER GOVERNMENT DISCUSSION OF UNCTAD AGENDA ITEM WAS MARKEDLY RESTRAINED. US AND EEC STRESSED DESIRABILITY OF ACTIVE FAO ROLE IN WORK, STEMMING FROM NAIROBI RESOLUTION. ALTHOUGH GROUP ACCEDED TO INDIAN OBJECTION TO RECORD "GROUP'S WILLINGNESS TO SERVE AS A FORUM....", IT SPECIFICALLY ANTICIPATED NEED FOR AD HOC GROUP MEETINGS TO SUPPORT UNCTAD NEGOTIATIONS, AND FURTHER AGREED "TO RECORD ITS WILLINGNESS TO RESPOND TO ANY REQUESTS WHICH MAY BE MADE TO IT REGARDING MATTERS WITHIN ITS COMPETENCE ARISING OUT OF THE MEETINGS IN UNCTAD."

10. GROUP AGREED NEXT REGULAR MEETING SHOULD BE HELD IN ROME DURING PERIOD SEPTEMBER TO NOVEMBER OF NEXT YEAR WITH ANY SPECIAL MEETINGS REQUIRED BECAUSE OF EVENTS IN JUTE TRADE OR ARISING FROM UNCTAD MEETING ON JUTE TO BE CALLED BY CHAIRMAN, KEEPING IN CONSIDERATION RECENT DECISION OF FAO TO KEEP THE NUMBER OF MEETINGS TO A MINIMUM. VOLPE

NOTE BY OC/T: ROME 17296 (SEC 2 OF 2). (#)OMISSION IN PARA 6.
CORRECTION TO FOLLOW.

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To: SECSTATE WASHDC EC BRUSSELS GENEVA DACCA NEW DELHI BONN LONDON
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